

Commercial Financing Options For Renewable Energy Systems

CALIFORNIA ENERGY COMMISSION

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CALIFORNIA ENERGY COMMISSION



Harness the Power All Around Us

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For information on renewable
energy options and incentives
in California

Energy Commission
Website

www.consumerenergycenter.org

Energy Commission
Call Center
1-800-555-7794



Relying on Renewable

Are you interested in reducing your energy costs by using renewable energy, but do not have the capital to afford the equipment? This fact sheet highlights various loan programs currently available.

Loan Program Basics

Loan products can be divided into two categories—secured and unsecured. As a general rule, unsecured loans have shorter terms (1-3 years) and relatively high interest rates. Unsecured loans are also known as business credit cards or business line of credit. Secured loans have longer terms and relatively lower interest rates, with the rate and term dependent upon the strength of the collateral and the creditworthiness of the borrower. Collateral can be in the form of equipment or real property.

Subsidized and targeted loans are also available to minority and women-owned businesses via the Small Business Administration. Generally, these loans are offered with a 'guaranty' by a state or federal agency to secure the loan.

Commercial Business Resources

On the reverse, you will find a list of lenders that offer attractive financing solutions. This fact sheet details a variety of financial loan products targeted directly at investments in renewable energy. To find out more about specific financing options, log onto the web addresses detailed for the particular lender you are interested in, or use the contact telephone numbers listed. Please visit the Energy Commission's website or call the Energy Call Center (see left) for information on renewable energy options and incentives in California.

LOAN EXAMPLES (\$45,000)

Term and Rate	5 years @ 5%	10 years @ 8%	15 years @ 9%
Monthly Payment	-\$866	-\$559	-\$465
Energy Savings	\$243	\$243	\$243
Interest Savings	\$46	\$73	\$85
Tax Credit Savings	\$452	\$226	\$151
Net Monthly Payment	-\$125	-\$17	+\$14

A business owner in Concord with an annual electricity bill of \$20,000 is considering the purchase of a 10 kW (AC) photovoltaic (PV) system with an installed cost of \$85,000. After receiving the Energy Commission "rebate" the net cost of the system would be \$45,000. Savings in year one from PV electricity production at their current utility rates is projected to be \$2,918. If they finance the net cost of the system of \$45,000 with a 15 year loan at 9% interest it would result in an annual payment of \$5,580. This business owner would also save \$42,454 in taxes resulting from the 10% Federal Business Energy Tax Credit, 15% California Solar Tax Credit, State and Federal Depreciation and deductions for interest expenses. If the business paid cash for the system, the simple payback term would be 6.1 years. If electricity rates continue to rise the payback time would be shorter. If you would like to evaluate the savings for your situation, use the Clean Power Estimator found at the Energy Commission website (see left).

Assumptions: Annual electricity production from the PV system in Concord is estimated to be 18,265 kWh. The annual electricity used was 18,262 kWh. The current utility rates for this example range from about \$.14 to \$.23 per kWh. Tax savings were estimated assuming the business owner is in a 34% federal and 8.5% state tax bracket.

Commercial Financing Options For Renewable Energy Systems

Equipment Secured Loans

Real Estate Secured Loans

Unsecured Loans

Guaranty Loans

Subsidized Loans

Third Party Loans

Loan Program	Contact	Loan Amount	Term	Interest Rate
Energy Efficiency Improvement Loan Program	Safe-Bidco www.safe-bidco.com	\$250,000 Max Up to 10 yrs Savings	5 yrs	5.00%
Equipment Efficiency Loan Program	Credit America www.creditamericafunding.com	No Limits	5 to 25 yrs	Prime plus 1-3%
Equipment Efficiency Loan Program	GE Capital www.gecapital.com tel: 800.243.2222	No Limits	5 to 25 yrs	Prime plus 1-3%
Equipment Efficiency Loan Program	PFG Energy Capital www.pfgenergy.com tel: 800.559.2755	No Limits	5 to 25 yrs	Prime plus 1-3%
SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank www.sbaonline.sba.gov	\$1,000,000 @ 90% Guaranty	10 to 20 yrs	Fixed / Variable
SBA 504	SBA / Small Business Administration / Bank (as above)	\$750,000	10 to 20 yrs	Fixed / Variable
Collateral Mortgages	Collateral Mortgage, Ltd. www.collateral.com tel: 205.978.1840	No Maximum	15 to 30 yrs	Fixed / Variable
SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank (as above)	\$1,000,000 @ 90% Guaranty	10 to 20 yrs	Fixed / Variable
SBA 504	SBA / Small Business Administration / Bank	\$750,000 Max	10 to 20	Fixed / Variable
Commercial Loan	Credit America (as above)	\$50,000	5 to 7 yrs	Fixed / Variable
Commercial Loan	GE Capital (as above)	\$50,000	5 to 7 yrs	Fixed / Variable
Commercial Loan	PFG Energy Capital (as above)	\$50,000	5 to 7 yrs	Fixed / Variable
SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank (as above)	\$1,000,000 @ 90% Guaranty	10 to 20 yrs	Fixed / Variable
SBA Express	Small Business Administration (as above)	\$150,000	15 to 20	Market
Business & Industry Loan Guaranty	USDA Rural Business Service www.rurdev.usda.gov/rd/ tel: 530.792.5805	\$1 million to \$10 million	1 to 10 yrs	Fixed / Variable - Near prime
Business Loan Guaranty	California Trade & Commerce Agency http://commerce.ca.gov/business/small	90% Loan Guaranty	1 to 10 yrs	Fixed
CA Loan Guaranty Program	California Trade & Commerce Agency (as above)	80% Guaranty	1 to 15 yrs	3 to 7 yrs
Rural Utility Service	USDA Rural Utility Service	\$500,000 to \$5 million	Negotiated	Fixed / variable
SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank (as above)	\$1,000,000 @ 90% Guaranty	10 to 20 yrs	Fixed / Variable
SBA Express	Small Business Administration (as above)	\$150,000	15 to 20 yrs	Market
CalCAP	California Pollution Control Finance Authority www.treasurer.ca.gov/cpcf/smallbusiness.htm	\$20,000 to \$ 2.5m	Short and long term	Fixed / Variable
Equipment Efficiency Loan Program	Sacramento Municipal Utility District (SMUD) www.smud.org/pv/index.html	No Limit	10 yrs	8.7 to 10.5%
PV Pioneer	Sacramento Municipal Utility District (SMUD)	\$4/mo Premium	10 yrs	Purchase Option
Small Business and Non Profit Energy Efficient Improvement	Safe-Bidco (as above)	\$250,000 Max	5 yrs	5%
Energy Purchase Agreement	Alten Energy Services, Inc.	No Limit	No Limit	Discount Prices
Energy Purchase Agreement	World Energy Services Technologies	No Limit	No Limit	Discount Prices

The California Energy Commission does not endorse any one lending organization. Eligibility varies for each financing option. Availability of financing options may vary. Contact individual provider for more information.